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Viewing cable 08GUAYAQUIL296, ECUADORIAN AIRLINE AEROGAL CONTINUES EXPANSION

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#08GUAYAQUIL296**.

Reference ID	Created	Released	Classification	Origin
08GUAYAQUIL296	2008-12-09 21:53	2011-08-30 01:44	CONFIDENTIAL	Consulate Guayaquil

Appears in these articles:

<http://www.semana.com/wikileaks/Seccion/168.aspx>

```
R 092153Z DEC 08
FM AMCONSUL GUAYAQUIL
TO SECSTATE WASHDC 9641
INFO AMEMBASSY QUITO
AMEMBASSY CARACAS
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY BOGOTA
AMEMBASSY PANAMA
AMEMBASSY SANTIAGO
```

```
id: 182088
date: 12/9/2008 21:53
refid: 08GUAYAQUIL296
origin: Consulate Guayaquil
classification: CONFIDENTIAL
destination:
header:
R 092153Z DEC 08
FM AMCONSUL GUAYAQUIL
TO SECSTATE WASHDC 9641
INFO AMEMBASSY QUITO
AMEMBASSY CARACAS
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY BOGOTA
AMEMBASSY PANAMA
```

----- header ends -----

C O N F I D E N T I A L GUAYAQUIL 000296

E.O. 12958: DECL: 12/08/2018

TAGS: [CO](#) [EC](#) [PA](#) [PGOV](#) [PREL](#)

SUBJECT: ECUADORIAN AIRLINE AEROGAL CONTINUES EXPANSION
WITH FLIGHTS TO U.S.

Classified By: Consul General Douglas Griffiths for reasons 1.4 (b) and (d)

11. (C) Summary. Ecuador's fast-growing privately-held airline, Aerogal, began direct flights to Miami on December 17. In little over a decade, Aerogal has leapfrogged other domestic carriers to become Ecuador's second largest carrier.

However, the Government of Ecuador has taken aim at Aerogal's aging fleet of Boeing 727's and 737's, decreeing that all airlines must update their fleets to more fuel efficient aircraft if they want to continue to benefit from the generous fuel subsidies. Aerogal is also fighting the request of LAN Chile's Ecuadorian subsidiary to operate domestic flights in Ecuador. Aerogal's next round of expansion will be driven by its alliance with the Colombian industrial group Sinergy, a major investor in Avianca Airlines. End summary.

12. (C) Established in 1986, Aerogal operates regularly scheduled passenger and cargo flights within Ecuador, between the mainland and the Galapagos Islands, and between Ecuador to Colombia. With a strong balance sheet, Aerogal has aggressive expansion plans, including Miami, New York, Peru and Panama. The company began service to Miami with much fanfare in December 2007, but quickly had to suspend operations when it encountered difficulties leasing airplanes for the flights. Aerogal, moves more than 500 million passengers each year and is based in Quito, with its hub in Guayaquil's international airport. Gabriela Sommerfield, a native of Guayaquil, is its executive president and her father, Patricio Sommerfield, is its largest shareholder. Aerogal has become the second largest domestic carrier in Ecuador, behind TAME, a carrier owned by the Ecuadorian Air Force. TAME's revenues reached 77.6 million dollars in 2007, vice Aerogal's revenue of 44.5 million dollars. Sommerfield told us that Aerogal is forging an alliance with Sinergy, a Colombian-based company with interests in Avianca Airlines. As part of the alliance, Aerogal might jettison its traditional partnership with Boeing and renew its fleet with Airbus planes. TAME has recently renovated its fleet with Embraer aircraft.

13. (C) Aerogal's profitability has been driven by government fuel subsidies for an aging fleet that it has assembled on the cheap. However, in October, the GOE ruled that airlines that fail to replace their aircraft with more fuel efficient aircraft by April 2009 would lose 20% of the fuel subsidy. In explaining the decree to the public, President Correa said that, "A company like Aerogal consumes the same amount of fuel with a fleet that is worth 12 million than Tame that has a greater fleet of 180 million." Under Secretary of Air Transport and Airports, Guillermo Bernal, stated that Aerogal must modernize eight airplanes in its fleet: six of them Boeing 737s that began operation between 1979 and 1984 and two Boeing 727s from 1979 and 1982. Sommerfield told us recently that the National Financial Corporation (CFN) was offering very interesting terms to renew the fleets. While negotiations were still on-going, Sommerfield said that the CFN was offering 5 percent interest over 20 years with a two-year grace period.

14. (C) Sommerfield is also currently the president of the airline business grouping, the Asociacion de Empresas Nacionales de Aviacion (ADENA). In this role she has spearheaded opposition to LAN Chile's request to allow its

local subsidiary to operate domestic flights in Ecuador. On November 25, Sommerfield again asked Ecuadorian Civil Aviation authorities to carefully review LAN's plans to enter the Ecuadorian market, "We do not oppose competition, we welcome competitors (but we are concerned about (LAN's) predatory practices, that is to say, the objective of destroying national business, which has happened in Peruvian and Argentinean markets." In private discussions with us, she insisted that LAN Chile has systematically destroyed domestic airlines in other markets. She also asserted that LAN's business practices included inappropriate contacts with civil aviation authorities.

15. (SBU) Bio Note: Gabriela Sommerfield is one of the most prominent and most admired business women in Ecuador. She also has strong ties to the United States. Her father and brother live in Miami, and she has two sisters in Atlanta. In December Sommerfield will marry Alfonso Gomez Lugo, the son of Columbia's ex-Attorney General Gomez Mendez and Liberal pre-candidate for president. Sommerfield recently met Gomez Lugo, when he represented Sinergy in meetings to discuss possible mergers with Aerogal. Sommerfield told us that she would commute between Bogota, Quito and Guayaquil. End note.

GRIFFITHS

=====CABLE ENDS=====